



**DEPARTMENT OF CONSUMER AFFAIRS**  
 CALIFORNIA BOARD OF ACCOUNTANCY  
 2000 EVERGREEN STREET, SUITE 250  
 SACRAMENTO, CA 95815-3832  
 TELEPHONE: (916) 263-3680  
 FACSIMILE: (916) 263-3675  
 WEB ADDRESS: <http://www.cba.ca.gov>



**DEPARTMENT OF CONSUMER AFFAIRS (DCA)**  
**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**MINUTES OF THE**  
**November 17-18, 2016**  
**CBA MEETING**

Sacramento Public Library  
 Tsakopoulos Library Galleria  
 828 I Street  
 Sacramento, CA 95814  
 Telephone: (916) 264-2700

Roll Call and Call to Order.

California Board of Accountancy (CBA) President Katrina Salazar, CPA called the meeting to order at 12:03 p.m. on Thursday, November 17, 2016 at the Sacramento Public Library, Tsakopoulos Library Galleria. Following a lunch break, the CBA reconvened into open session until 4:00 p.m. The CBA convened into closed session at 4:04 p.m. until 5:09 p.m. The meeting reconvened into closed session closed session on Friday, November 18, 2016 at 9:06 a.m. until 10:29 a.m. President Salazar adjourned the meeting at 10:31 a.m.

CBA Members

Katrina L. Salazar, CPA, President  
 Alicia Berhow, Vice-President  
 Michael M. Savoy, CPA, Secretary/Treasurer  
 Jose A. Campos, CPA  
 George Famalett, CPA  
 Karriann Farrell Hinds, Esq.  
 Laurence (Larry) Kaplan  
 Kay Ko  
 Leslie LaManna, CPA  
 Xochitl León  
 Jian Ou-Yang, CPA  
 Deidre Robinson  
 Mark Silverman, Esq.  
 Kathleen Wright, CPA

November 17, 2016

12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.  
 Absent  
 12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.  
 Absent  
 12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.  
 12:03 p.m. to 5:09 p.m.

CBA Members

Katrina L. Salazar, CPA, President  
Alicia Berhow, Vice-President  
Michael M. Savoy, CPA, Secretary/Treasurer  
Jose A. Campos, CPA  
George Famalett, CPA  
Karriann Farrell Hinds, Esq.  
Laurence (Larry) Kaplan  
Kay Ko  
Leslie LaManna, CPA  
Xochitl León  
Jian Ou-Yang, CPA  
Deidre Robinson  
Mark Silverman, Esq.  
Kathleen Wright, CPA

November 18, 2016

9:06 a.m. to 10:31 a.m.  
9:06 a.m. to 10:31 a.m.  
Absent  
Absent  
9:06 a.m. to 10:31 a.m.  
9:06 a.m. to 10:31 a.m.  
9:06 a.m. to 10:31 a.m.  
Absent  
9:06 a.m. to 10:31 a.m.  
9:06 a.m. to 10:31 a.m.  
9:06 a.m. to 10:31 a.m.  
9:06 a.m. to 10:31 a.m.  
9:06 a.m. to 10:31 a.m.  
9:06 a.m. to 10:31 a.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Rich Andres, Information Technology Staff  
Aaron Bone, Information and Planning Officer  
Veronica Daniel, Acting Chief, Licensing Division  
Dominic Franzella, Chief, Enforcement Division  
Cindi Fuller, Licensing Manager  
Suzanne Gracia, Licensing Coordinator  
Jennifer Jackson, Licensing Coordinator  
Alegra Keith, Executive Secretary  
Nooshin Movassaghi, Legislative Analyst  
Dorothy Osgood, Supervising Investigative CPA  
Rebecca Reed, Board Relations Analyst  
Corey Riordan, Enforcement Manager  
Ben Simcox, Deputy Chief, Enforcement Division  
Kristy Schieldge, Legal Counsel, DCA  
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)  
Matthew Stanley, Information and Planning Officer  
Janet Zimmer, Acting Licensing Manager

Committee Chairs and Members

Joanna Bolsky, CPA, Chair, Qualifications Committee  
Jeffrey De Lyser, CPA, Peer Review Oversight Committee  
Robert Lee, CPA, Chair, Peer Review Oversight Committee

Other Participants

Arthur Chin, California Society of Certified Public Accountants (CalCPA)  
Jason Fox, CalCPA  
Edwin G. Jolicoeur, CPA, National Association of State Boards of Accountancy  
Pilar Oñate-Quintana, The Oñate Group

Joseph Petito, The Accountants Coalition

I. Report of the President.

- A. Resolution for Former California Board of Accountancy Member Herschel Elkins.

**It was moved by Ms. Salazar and seconded by Mr. Silverman to approve the resolution for Herschel Elkins.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko and Mr. Savoy.**

- B. Report on the National Association of State Boards of Accountancy Annual Meeting.

President Salazar reported that she attended the National Association of State Boards of Accountancy (NASBA) 109<sup>th</sup> Annual Meeting, which was held in Austin, Texas. President Salazar conducted a presentation, along with Stacey Grooms, NASBA Regulatory Affairs Manager, regarding California's mobility issues and shared an update on the Mobility Stakeholder Group (MSG) and the progress of the MSG. She also reported that NASBA is working on language for states that wish to recognize management credentials.

- C. Report from Edwin G. Jolicoeur, CPA, National Association of State Boards of Accountancy Pacific Regional Director, on National Association of State Boards of Accountancy Activities.

Mr. Jolicoeur stated that his role as the NASBA Pacific Regional Director is to provide a connection between state boards in our region and NABSA directors. He reported that at the NASBA Board Meeting, the Board voted on issues, which included approval of a unilateral pathway for international candidates to become CPAs within the United States (US). He also reported that the Board voted to approve the model rules for the Uniform CPA Examination.

Mr. Jolicoeur reported that many boards had concerns regarding the use of titles for management credentials and the confusion regarding titles that can be associated with non CPAs. He stated that it is up to individual states to enforce the use of the CPA designation and the use of misleading designations. He reported that NASBA is working on language for titles of non CPAs that are management accountants.

Mr. Jolicoeur reported that NASBA commented on the American Institute of CPAs (AICPA) White Paper regarding the concern of states that would be losing their peer reviewer administering entity status. He reported that AICPA is going to revise the proposal regarding peer review administrators to consolidate the amount of peer review administrators.

Mr. Jolicoeur reported that at the NASBA board meeting, there was a discussion regarding the accreditation of accounting educators and the qualifications of the accounting educators. Some of the concerns raised were regarding competency based credits, credit for work experience, and credit for review of the Uniform CPA exam.

Mr. Jolicoeur reported that at the NASBA board meeting there was a discussion regarding the use of data analytics. He stated that NASBA's goal is to provide state boards with resources and capabilities to evaluate cases in which data analytics are being used as an audit tool. He stated that the audit standards have not kept up with the rapidly changing audit practices and the use of data analytics.

Mr. Jolicoeur reported that there are now 45 jurisdictions that are deemed as substantially equivalent and 10 more states are in the process of becoming substantially equivalent and those 10 states should be in compliance by July 2017.

Mr. Jolicoeur reported that some of the topics that were discussed at the NASBA Annual Meeting breakout session included the AICPA's proposal for peer review administration, practice continuation regarding sole-practitioners and very small firms, outreach to colleges and universities, continuing professional education (CPE) and nano-learning, and the use of titles for non CPAs in management accounting.

Ms. León requested clarification regarding CPAs that might be practicing within the US, but are not licensed within any state jurisdiction.

Mr. Jolicoeur stated that these CPAs are licensed in their home country, but are working in the US for their firms without being licensed as a CPA in the US.

Ms. León stated that for the consumer, this might be misleading.

Ms. Berhow inquired if NASBA monitors the international accountants that are working within the US.

Mr. Jolicoeur stated that NASBA does not monitor the international accountants and that NASBA's mission is to enhance the common interests of state boards and NASBA does not have authority to monitor accountants working in the US from overseas.

D. 2017 California Board of Accountancy Member Committee Interest Survey.

President Salazar provided an overview of the Committee Interest Form, which is used to appoint members to committees that assist the CBA with its mission of consumer protection. President Salazar stated that the committee interest surveys should be completed, as the surveys will be used by the next CBA president to appoint members to the Committee on Professional Conduct (CPC), Enforcement Program Oversight Committee (EPOC), Legislative Committee (LC), Strategic Planning Committee (SPC), and the CBA liaisons for the Enforcement Advisory Committee (EAC) and the Qualifications Committee (QC).

E. National Association of State Boards of Accountancy Committee Appointments.

President Salazar reported that the following CBA members were appointed to a NASBA committee:

- Laurence Kaplan – Communications Committee
- Katrina L. Salazar, CPA – Enforcement Resources Committee
- Mark J. Silverman, Esq. – CBT Administration Committee
- Kathleen K. Wright, CPA – CPE Committee.

F. Announcement of California Board of Accountancy Leadership Award of Excellence.

President Salazar announced that the recipients of the CBA Leadership Award of Excellence are Alegra Keith, Executive Secretary, and Janet Zimmer, Acting Licensing Manager.

G. Developments Since the February 2015 United States Supreme Court Decision: *North Carolina State Board of Dental Examiners v. Federal Trade Commission*.

Ms. Schieldge stated that there was no update on this agenda item.

H. Discussion on the California Little Hoover Commission's Report: "Jobs for Californians: Strategies to Ease Occupational Licensing Barriers."

Mr. Bone stated that the report focused on how occupational licensing laws have impacted four groups, which includes former criminal offenders, military spouses, military veterans, and foreign trained workers. He stated that the report included the Commission's findings and recommendations. He also stated that most of the actions suggested by the Commission would require action by the Legislature or the Governor's Administration to enact.

Mr. Bone stated that one recommendation from the Commission was for each licensing Authority to post on their website the criteria used to evaluate

applicants with criminal convictions. He stated that applicants are informed of the criteria through the CBA's CPA Licensing Handbook, which is posted on the CBA's website.

Mr. Bone stated that another recommendation by the Commission was to have licensure applicants provide certified court documents rather than manually listing convictions on the license application. He stated that currently the CBA's Applicant Handbook informs applicants that they must provide a complete and accurate Criminal Conviction Disclosure Form and that the CBA's Applicant Handbook only requests certified court documents if related to a conviction that was dismissed.

Mr. Bone stated the Commission also recommended licensing entities create an informal appeals process between an initial license denial and an administrative law hearing. He stated that currently, if the CBA denies an application for licensure, staff will send the applicant a letter indicating the reason(s) for the denial and inform the applicant that they may request a hearing before an administrative law judge. Also, prior to such a hearing, CBA staff may engage in settlement discussions with applicants and consider a probationary license with certain terms and conditions.

I. Discussion Regarding the United States Department of Education's Decision to Withdraw and Terminate Its Recognition of the Accrediting Council for Independent Colleges and Schools (ACICS).

Ms. Schieldge stated that under Business and Professions Code (BPC) section 5094, one of the qualifying criteria for CPA licensure is that the education submitted by the applicant, must be from a degree granting university, college or institution of higher learning accredited by a regional or national accrediting agency. She noted that recently, the United States Department of Education (DOE) decided to withdraw and terminate its recognition of the Accrediting Council for Independent Colleges and Schools (ACICS). The ACICS is currently the largest national accrediting agency of colleges in the United States. She stated that since one of the criteria for licensure is that the applicant must have completed education from a national accrediting agency, there could be an impact to applicants if the DOE terminates its recognition of the ACICS. She stated that currently the way the CBA has interpreted BPC section 5094, is that the education would be examined at the time of licensure, if the applicant graduated from an accredited school and the school was accredited at the time of graduation, then the CBA would accept that as qualifying education. She stated that the applicants that could be at risk are those that did not complete their educational requirements before any accreditation loss has occurred.

President Salazar inquired on what would happen with students who had obtained a degree from an accredited program, but then took additional courses to fulfill a requirement.

Ms. Schieldge stated that it would depend on when the course was completed. If the institution was accredited at the time, then the CBA would accept those additional courses.

J. Department of Consumer Affairs Director's Report on Departmental Activities.

Ms. Jones, Department of Consumer Affairs (DCA) Board and Relations Manager, reported that on September 7, 2016, Director Kidane and the DCA executive team conducted a meeting with executive officers and board presidents to update the leadership on the department's activities.

Ms. Jones stated that under the Governor's regulatory review program, review and approval of a fiscal impact statement is required for all proposed regulations prior to submission of a notice of proposed action to the Office of Administrative Law (OAL). She stated that since 2009 the Business, Consumers Services, and Housing Agency (Agency) has waived this for DCA Boards. Due to an increase in the number of rulemaking packages that were disapproved by the OAL due to issues of clarity and necessity, the Agency has rescinded this waiver, effective September 7, 2016.

Ms. Jones stated that on October 27, 2016, DCA hosted its annual distributive cost review open house for executive officers, bureau chiefs and board presidents. She stated that this meeting gave an overview of the budgeting process and how costs were distributed.

Ms. Jones stated that DCA is currently developing the Strategic Plan for 2017-2019. She stated that one of the components of the Strategic Plan is a survey of the stakeholders, which was sent out electronically. She stated that any feedback that could be provided would be greatly appreciated.

II. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

1. Recommendation for Reappointment of Nancy Corrigan.
2. Recommendation for Reappointment of Katherine Allanson.
3. Recommendation for Reappointment of Nancy Corrigan as Vice-Chairperson.
4. Recommendation for Reappointment of Joseph Rosenbaum as Chairperson.

**It was moved by Ms. Berhow and seconded by Mr. Campos to:**

- **reappoint Joseph Rosenbaum, CPA, as Chairperson to the Enforcement Advisory Committee (EAC) effective January 1, 2017 through December 31, 2017,**
- **reappoint Nancy Corrigan, CPA, to the EAC effective November 17, 2016 through November 30, 2018 and as Vice-Chairperson effective January 1, 2017 through December 31, 2017, and**
- **reappoint Kathrine Allanson, CPA, to the EAC effective November 17, 2016 through November 30, 2018.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: Mr. Kaplan.**

**Absent: Ms. Ko and Mr. Savoy.**

**B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee.**

1. **Recommendation for Appointment of Kimberly Sugiyama as Vice-Chairperson.**
2. **Recommendation for Appointment of David Evans as Chairperson.**

**It was moved by Ms. Berhow and seconded by Ms. LaManna to appoint David Evans, CPA as Chairperson and Kimberly Sugiyama, CPA, as Vice-Chairperson of the Qualifications Committee (QC) effective January 1, 2017 through December 31, 2017.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko and Mr. Savoy.**

**C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.**



1. Recommendation for Appointment of Kevin Harper as Vice-Chairperson.
2. Recommendation for Appointment of Jeffrey De Lyser as Chairperson.

**It was moved by Ms. Berhow and seconded by Ms. Robinson to appoint Jeffrey De Lyser, CPA as Chairperson and Kevin Harper, CPA, as Vice-Chairperson of the Peer Review Oversight Committee (PROC) effective January 1, 2017 through December 31, 2017.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko and Mr. Savoy.**

**III. Report of the Secretary/Treasurer.**

**A. Fiscal Year 2016-17 First Quarter Financial Report.**

Ms. Berhow reported that the CBA's fiscal-year 2016-17 budget is set at \$14,762,000. She stated that the CBA collected approximately \$2.2 million in total revenue for the first quarter. She stated that there was an increase of revenues from this time last fiscal year due to the end of the two-year fee reduction.

Ms. Berhow stated that the total expenditures for the first quarter were \$3.98 million. She stated that this is a five percent decrease from the same period in the previous fiscal-year, due to a decrease in facilities costs resulting from the relocation to the new building. She stated that there was a 22 percent increase in enforcement-related expenditures due to a restructuring of resources and streamlining of procedures.

Ms. Berhow stated that the Department of Finance released its Loan Obligation Report, which identifies June 2017 as the target date for the CBA to receive a General Fund loan repayment totaling \$21 million plus interest.

**IV. Closed Session.\*\*The Board will meet in Closed Session pursuant to Government Code Section 11126(a)(1) to conduct its annual evaluation of its Executive Officer.**

V. Report of the Executive Officer.

A. Update on the Relocation of the California Board Accountancy's Office.

Ms. Bowers reported that the anticipated date of the office relocation is February 2017.

B. Update on Staffing.

Ms. Bowers reported that there have been three internal staff promotions, which include Veronica Daniel as Acting Licensing Chief, Janet Zimmer as Acting Licensing Manager, and Alegra Keith as Executive Secretary.

C. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Bone reported that staff participated in the CalCPA webcast titled "So, You Want to be a CPA?" He reported that it is estimated that the webcast was viewed by more than 100 individuals enrolled at California community colleges and employed at CPA firms.

Mr. Bone reported that on October 11, 2016, President Salazar addressed accounting and taxation students at Golden Gate University's Braden Series on the topic of leadership and the accounting profession.

Mr. Bone reported that staff participated in a career fair on October 24, 2016 at a Sacramento-area high school. Staff discussed the education requirements for licensure and the potential career paths to become a CPA.

President Salazar and staff participated in an outreach event at the California State University, Sacramento where more than 100 students majoring in accounting attended and listened to a panel of CPA presenters discuss their career and personal experiences.

Mr. Bone reported that on November 30, 2016, President Salazar will speak at CalCPA's new license welcome event which is being held in San Francisco.

D. Discussion and Possible Action to Approve a Proposed Change to the California Board of Accountancy's Member Guidelines and Procedures Manual Regarding the Number of Members on the Qualifications Committee.

Ms. Daniel stated that over the last few years, the Qualifications Committee (QC) has experienced a number of challenges, including consistent vacancies on the committee and a decrease in interest to serve on the QC. She stated that despite increased outreach efforts in the area of recruitment, these situations have resulted in issues with establishing meeting quorums. She stated that to effectively facilitate future meetings, the CBA may consider a reduction in its current QC membership. She stated that staff's

recommendation for this item is to essentially remove the three standing vacant positions, which would lower the QC membership to 13 and the new quorum requirement would become seven members.

Mr. Campos inquired if there was general agreement among the QC that this would be an appropriate move.

Ms. Daniels stated that the QC is in agreement, that this would be an appropriate move, considering that the QC had to cancel a meeting earlier in the year due to the fact that they could not establish a quorum.

Ms. Campos inquired if there was any type of backlog in the QC on reviewing experience.

Ms. Daniels stated that the QC is current in its activities. She stated that the candidate pool gets addressed at follow-up meetings, depending on Northern or Southern applications. She stated that the QC is current on its annual file reviews. There is no backlog in the committee.

**It was moved by Mr. Campos and seconded by Mr. Kaplan to change the CBA's Member Guidelines and Procedures Manual regarding the number of members on the QC from 16 to 13.**

**Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: Ms. Berhow.**

**Absent: Ms. Ko and Mr. Savoy.**

VI. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

There was no report on this item.

B. Qualifications Committee.

Ms. Bolsky reported that the Qualifications Committee (QC) met on October 19, 2016, in which the QC performed its annual audit of files. She reported that the QC reviewed a sample of 100 files and members of the QC concurred with staff assessments on all 100 files.

Ms. Bolsky reported that a sub-committee meeting was held in Southern California on October 26, 2016. She reported that during the October 19 and October 26 meetings, the QC completed six section 69 reviews, in which five were approved and one was deferred.

Ms. Bolsky reported that on July 27, 2016, the QC identified the possible need to revise the certificate of attest experience application that is currently in place, due to the changes in the professional standards. She stated that she will be working with staff to make changes to the current form.

Ms. Bolsky stated that the next QC meeting will be held on January 25, 2017 at the Wyndham Irvine.

President Salazar inquired if the CBA needed to make a recommendation to staff to continue the discussion with the QC regarding changes to the certificate of attest application.

Ms. Bowers stated that it would be helpful if the CBA formally directed staff to work with the QC on the changes needed on the certificate of attest application. Mr. Campos stated that it would be helpful to hear the recommendations that the QC would have regarding in respect to the certificate of attest application and changes regarding preparation engagements.

#### C. Peer Review Oversight Committee.

There was no report on this item.

### VII. Report of the Enforcement Chief.

#### A. Enforcement Activity Report.

Mr. Franzella reported that within the first three months of the fiscal-year, the CBA has closed more enforcement matters that it has been assigned and that the average days to close a matter is down from 189 days to 157 days. This decrease is due to staffs increased efforts as well as streamlining processes.

Mr. Franzella reported that the CBA referred 27 matters to the Attorney General's Office, and have filed 28 accusations.

Mr. Franzella reported that the CBA has issued 32 citations in the first three months of this fiscal-year. He stated that it is anticipated that the total number of citations issued this fiscal-year will be a decrease from the previous year due to the increased communication efforts designed to obtain compliance on enforcement matters.

Mr. Franzella reported that there are 108 probationers. He reported that staff have been working to meet with probationers and conducting probation orientation sooner.

Mr. Franzella reported that the Enforcement Division is currently recruiting for several vacant positions. He reported that three positions have been filled by internal candidates. Ben Simcox was promoted to Staff Services Manager II, overseeing the Intake, Non-Technical, Probation Monitoring, Attorney General and Citation Units, Corey Faiello-Riordan was promoted to Staff Services Manager I, overseeing the Non-Technical Investigations Unit, and Allison O'Connor was promoted to Staff Services Analyst in the Citation Unit.

Mr. Franzella reported one of the objectives in the Strategic Plan was for the Enforcement Division is to increase its collaboration with other regulatory agencies on enforcement matters. He stated that staff's recent work with DCA's Division of Investigations lead to charges being filed against an individual for practicing without a license due to a complaint that was received by the CBA.

Mr. Franzella reported that the Enforcement Division has had 17 staff members participate in the Enforcement Academy that is conducted by DCA.

Ms. Wright inquired if the information provided regarding disciplinary actions regarding tax-related issues were due to tax payer complaints as opposed to agency referrals.

Mr. Franzella stated it is a combination of complaints and agency referrals.

Mr. Campos inquired if the improved timeframe for closing enforcement matters is due to the streamlining of processes.

Mr. Franzella stated that a lot of the cases were self-generated due to internal complaints and one of the steps the Enforcement Division has taken is sending out email communications and sending out letters, which has helped in getting these matters closed out quicker.

## VIII. Report of the Licensing Chief.

### A. Licensing Activity Report.

Ms. Daniel reported that Stakeholder contact has continued to increase in most areas of the Licensing Division. She stated that the Examination Unit is currently processing first time applications for the Uniform CPA Examination within 39 days, and repeat applications within eight days. Also, applications for initial CPA licensure are currently being processed within 26 days. She stated that the CBA will have visited all 20 Prometric testing center locations by the end of the week. She stated that there has been an increase in applications

from individuals who wish to become licensed in advance of the changes to the Ethics Study educational requirement, which is set to take effect January 1, 2017.

Mr. Campos inquired that since the average processing time for initial CPA licensure is currently 26 days, if there is any type of backlog for applications that are taking a longer time to process and what may take an application a longer time to process.

Ms. Daniel stated that the average processing timeframe for a complete application, which means once the CBA received the application, the application is complete, is 31 days. If the CBA receives an application that is incomplete, staff notify the applicant of the deficiency within the CBA's target date of 30 days. Once the CBA receives the pending item, then staff would consider the time from when the CBA processes the pending item to when the CBA preapproves the applicant and that time frame is within 30 days as well.

Mr. Campos inquired if there was a large number of applicants reapplying for an attest license.

Ms. Daniel stated that when a licensee converts his/her license from a general license to an attest license, it is called a conversion. She stated that the unit processes about 20 conversions a month and that the complete file has already been reviewed in detail and it is just a matter of reviewing the 500 hours that are required for a conversion.

Mr. Famalett inquired on the amount of delinquent license renewals and if a majority of those renewal applications have been received by the unit, but not completed and renewed.

Ms. Fuller stated that the delinquent status can include licensees that have chosen not to renew their license. She stated that a licensee has five years from the expiration date of the license to renew the license and that a great number of licensees have elected not to continue in the CPA profession.

Mr. Campos inquired if licensees are quick to respond to a deficiency letter.

Ms. Fuller stated that the response time to a deficiency letter varies. She stated that if a compliance is not received, the unit will send a second notice of renewal deficiency.

Mr. Campos inquired on what was the most common deficiency after the Peer Review Reporting Form, renewal application and ethics deficiencies.

Ms. Fuller stated that the most common deficiencies, after the top three were deficiencies with the accounting and auditing CE requirement, fraud CE requirement, and the 20/12 CE requirement.

Ms. Bowers stated if the licensee does not respond to the second notice of renewal deficiency, the matter will then get forwarded to the Enforcement Division. The Enforcement Division would then reach out to the licensee to try and receive compliance, but after those efforts are exhausted and the deficiency is not remedied, then the licensee may receive a citation from the Enforcement Division.

## IX. Committee Reports.

### A. Committee on Professional Conduct.

1. Report of the November 17, 2016, Committee on Professional Conduct Meeting.
2. Discussion Regarding the National Association of State Boards of Accountancy and American Institute of Certified Public Accountants Release of the Final Version of the Statement on Standards for Continuing Professional Education Programs and Possible Changes to Title 16, California Code of Regulations, Sections 80-94, Continuing Education Rules.

Ms. Wright recused herself from this agenda item.

Ms. LaManna reported that in May 2015, NASBA, jointly with the AICPA, issued proposed changes to the Standards of Continuing Education Programs (Standards), which became effective September 1, 2016. She stated that the most significant proposed change was the addition of nano-learning and blended learning, which are two new delivery methods for Continuing Education (CE) programs. She stated that California is one of the few states that, rather than pre-approve CE providers or programs, requires licensees to select appropriate programs from CE providers that conform to the minimum program requirements outlined in Article 12 of the CBA Regulations.

Ms. LaManna stated that nano-learning is defined as a 10 minute course through the use of electronic media and without interaction with a real-time instructor and that a nano-learning course is not a substitute for comprehensive programs addressing complex issues. She stated that the Standards require a qualified assessment of two questions with a passing score of 100 percent and issuance of a certificate of completion. She stated that the CPC believes that nano-learning should be implemented as a method of learning and decided that no limit was necessary for the number of CE hours.

Ms. LaManna stated that blended learning is a program that incorporates multiple learning formats and that the Standards require a blended learning program include learning objectives and instructional methods needed to

guide the participant through the program. She stated that the CPC believes that blended learning should be implemented as a method of learning due to the flexibility it provides licensees.

Ms. LaManna stated that the Standards allow CE credit to be earned in one-fifth and one-half increments after the initial first full credit is earned with the exception of nano-learning and that currently, CBA regulations only allow CE credits to be earned in half-hour increments once the first full credit is earned. She stated that the CPC believes that increased flexibility should be provided to allow CE credit to be earned in one-fifth increments consistent with the Standards.

Ms. Salazar inquired if courses in any format could then be used in one-fifth hour increments.

Ms. LaManna stated that the method of presentation could be live program, self-study, or group internet.

**The CPC recommended that the CBA allow for Nano-learning that excludes ethics, fraud, and regulatory review and directed staff to develop draft language for a future meeting at which time the CBA may direct staff to initiate the rulemaking process.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko, Mr. Savoy, and Ms. Wright.**

**The CPC recommended that the CBA allow for blended-learning and directed staff to develop draft language for a future meeting at which time the CBA may direct staff to initiate the rulemaking process.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko, Mr. Savoy, and Ms. Wright.**



**The CPC recommended that the CBA allow for one-fifth increments as identified in the Standards for all delivery methods and to develop draft language for a future meeting at which time the CBA may direct staff to initiate the rulemaking process.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko, Mr. Savoy, and Ms. Wright.**

3. Discussion and Possible Action on Evaluating Criminal Convictions Not Involving Drugs and Alcohol, and the Authority to Take Administrative Actions Pursuant to Business and Professions Code Sections, 480, 490, and 5100.

Ms. LaManna reported that at the September 2016 meeting, the CPC discussed the administrative and enforcement aspect of the CBA's handling of criminal convictions involving drugs and alcohol. At the conclusion of the meeting, the CPC recommended to the CBA to have its Enforcement Program Oversight Committee (EPOC) consider changes to the CBA Disciplinary Guidelines to reduce the minimum penalty associated with criminal convictions to suspension stayed and one year probation. She stated that the CPC does not believe that the CBA needs to evaluate any additional criminal convictions.

**B. Enforcement Program Oversight Committee.**

1. Report of the November 17, 2016, Enforcement Program Oversight Committee (EPOC) Meeting.
2. Revision Schedule for Regulatory Changes Associated with the Disciplinary Guidelines and Model Orders (Title 16, California Code of Regulations Section 98) and Title 16, California Code of Regulations Section 99.1, Rehabilitation Criteria for Denials, Suspensions, Revocations, Restorations, Reduction of Penalty.

Ms. Wright reported that staff provided an update on the changes to the schedule.

3. Discussion and Possible Action to Initiate a Rulemaking to Amend the Disciplinary Guidelines and Model Orders (Title 16, California Code of Regulations Section 98) and Title 16, California Code of Regulations

Section 99.1 Rehabilitation Criteria for Denials, Suspensions, Revocations, Restorations, Reduction of Penalty.

Ms. Wright reported that CalCPA is no longer requesting that the CBA consider possible revisions to the penalty associated with Business and Professions Code section 5100(l).

Ms. Wright stated that the EPOC discussed the CPC's request that the committee consider a reduction in penalty from revocation stay of 120 days and three years of probation to suspension stayed and one year of probation. She stated that Legal counsel had concerns regarding reducing the minimum penalty, including the ability to timely file a petition to revoke the penalty and that Administrative Law Judges (ALJ) generally gravitate toward the minimum penalty when deciding on matters. She stated that the EPOC discussed concerns on whether ALJs effectively weigh the nature and the seriousness of each offense. She stated that the committee recommended that the CBA table any action on this item and that staff report back regarding possibly narrowing the scope of offenses to which the reduction of minimum penalty apply and to work with DCA Legal counsel on how ALJs evaluate the nature and the seriousness of offenses.

4. Discussion and Input Regarding the Newly Developed California Board of Accountancy Enforcement Handbook for Licensees.

Ms. Wright reported that the committee requested that staff provide increased clarity on the tolling provision in orders for probation and ensure that licensees are aware of the enforcement documents that are placed on the CBA website.

Mr. Campos inquired on why the CBA could not just adopt within the guidelines, any clarifier, without having any further research on the matter, to indicate a minimum penalty designation that relates to drug and alcohol offenses and maintain the existing minimum penalty for matters that relates to other criminal areas.

Mr. Campos stated that the CBA sees very few ALJ items and that he does not feel like there is any issue with the services that the ALJ provides to the CBA.

Ms. LaManna stated that she believes the ALJs will implement the higher minimum penalty in an enforcement matter and the licensee will then agree to that penalty. Then when the matter comes before the CBA, the CBA is hesitant to adopt and then reduce the matter, so the CBA will adopt the penalty that the ALJ suggested. She stated that since the CBA relies so heavily on the handbook, to not reduce the minimum penalty in the handbook, but adopt and reduce the penalty when certain enforcement matters warrant a lower penalty.

Ms. Hinds requested guidance from staff on this matter regarding ALJs implementation of penalties and if the penalty was appropriate and what authority the CBA has to change a recommended penalty imposed by the ALJ.

Ms. Schieldge stated that it is easier to reduce a penalty on a proposed decision than to increase a penalty. She stated that if a low penalty was given by the ALJ and the CBA did not agree with that decision and wanted to increase the penalty, it would take an additional three to six months to rewrite the decision before any enforcement action could be taken. If a penalty by the ALJ starts high and the CBA thinks that the decision should be mitigated to a lower penalty, the CBA can adopt the decision at that meeting and then reduce the penalty. She stated that there is greater flexibility with settlement agreements and not all of the decisions have to be voted on in person. She stated that it is the CBA's right to counter any settlement offer and to make another offer that they may feel is more fitting, which can be voted on by way of mail vote.

Ms. Schieldge stated that one concern is that one year is too short of time to conduct an investigation for violation of probation and to make sure the CBA files the accusation or petition to revoke probation filed before the time lapses. If the time lapses on probation, and the accusation for violation of probation is not filed, then the CBA will lose jurisdiction over that violation and the probation order is the only thing keeping that licensee from practicing unrestricted.

#### C. Legislative Committee.

1. Report of the November 17, 2016 Legislative Committee Meeting.
2. Discussion and Possible Action on Proposed Legislative Language to Amend Business and Professions Code Section 5094 Regarding Credential Evaluation Services.

Ms. Robinson reported that at its March 2016 Legislative Committee (LC) meeting, staff reported that the CBA reviewed several comments received during the public comment period of the rulemaking related to credential evaluation services. Most of the comments were rejected because the requested change needed to be made in statute not regulation. She stated that the CBA directed staff to review the rejected comments and recommend whether possible legislative action should be taken.

Ms. Robinson reported that at today's LC meeting, staff provided a summary of each comment rejected in the rulemaking process followed by a recommendation whether to propose language for inclusion in the Senate Business and Professions Committee's annual omnibus bill.

**The LC recommended that the CBA adopt the proposed changes to the Business and Professions Code section 5094(d), as identified in the attachment, and direct staff to seek its inclusion in a 2017 omnibus bill, or if necessary, seek an author to carry a separate bill.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Mr. Kaplan, Ms. LaManna, Ms. León, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Hinds, Ms. Ko, Mr. Ou-Yang, and Mr. Savoy.**

**D. Mobility Stakeholder Group.**

1. Report of the November 17, 2016, Mobility Stakeholder Group Meeting.
2. Mobility Stakeholder Group Decision Matrix and Stakeholder Objectives.

There was no report on this item.

3. Discussion and Possible Action Regarding Timeline for Activities Regarding Determinations to be Made for Out-of-State Practitioners Pursuant to Business and Professions Code Section 5096.21.

Mr. Campos reported that the Mobility Stakeholder Group had an overview of the CBA approved assessment process which falls in line with the timelines set forth by the statute. Staff reported that Phase II is no longer required and that the timeline has been revised to remove all references to Phase II.

**It was recommended by the MSG that the CBA adopt the revised timeline.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Mr. Kaplan, Ms. LaManna, Ms. León, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: Mr. Ou-Yang.**

**Absent: Ms. Hinds, Ms. Ko, and Mr. Savoy.**

4. Discussion Regarding the Assessment of the National Association of State Boards of Accountancy's Process for Evaluating and Information Gathering Regarding Accountancy Board Operations for Georgia and Utah.

Mr. Campos reported that at the September 2016 meeting, the CBA directed staff to conduct the assessment of NASBA's findings regarding Georgia and Utah's enforcement programs and that on October 4, 2016, staff conducted this assessment using the same method as with the previous two assessments. He stated that based on the results of the assessment staff were satisfied with NASBA's identification of Georgia and Utah being substantially equivalent.

5. Discussion and Possible Action Regarding the Findings of the National Association of State Boards of Accountancy Related to Business and Professions Code Section 5096.21(c).

Mr. Campos reported that NASBA currently identifies 45 jurisdictions as substantially equivalent and 10 states have been identified as substantially equivalent with no disciplinary flag on the Internet. He stated that NASBA is continuing its work with the 10 states to post their disciplinary information on the Internet by the end of 2017.

**It was recommended by the MSG that the CBA determine Alaska, Delaware, District of Columbia, Georgia, Maine, Mississippi, New Mexico, Utah, and West Virginia to be substantially equivalent to NASBA's Guiding Principles of Enforcement.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko and Mr. Savoy.**

6. Discussion and Possible Action Regarding the Draft of the Mobility Stakeholder Group 2016 Annual Report.

Mr. Campos reported that the MSG directed staff to add more detail regarding the process of assessing NASBA's substantially equivalent results in order to be prepared to respond to potential questions from the Legislature. He stated that staff will present the final version of the annual report at the January meeting.

7. Discussion Regarding the National Association of State Boards of Accountancy's Activities and CPAVerify.

Mr. Campos reported that at this time there are 51 jurisdictions participating in the Accountancy Licensee Database (ALD) and CPAVerify. He stated that Delaware, Hawaii, Utah, and Wisconsin are not yet participating in ALD and CPAVerify. It is anticipated Wisconsin will be participating in the ALD by the end of 2016.

8. Discussion Regarding Proposed Agenda Items for the Next Mobility Stakeholder Group Meeting.

Mr. Campos stated that topics for the next meeting would include further review of any additional states identified by NASBA as substantially equivalent.

X. Acceptance of Minutes.

- A. Minutes of the September 15-16, 2016, California Board of Accountancy Meeting.
- B. Minutes of the September 15, 2016, Committee on Professional Conduct Meeting.
- C. Minutes of the September 15, 2016, Enforcement Program Oversight Committee Meeting.
- D. Minutes of the September 15, 2016, Mobility Stakeholder Group Meeting.
- E. Minutes of the July 27, 2016, Qualifications Committee Meeting.

**It was moved by Mr. Campos and seconded by Mr. Silverman to approve agenda items X.A. – X.E.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Mr. Kaplan, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: Ms. León.**

**Absent: Ms. Ko and Mr. Savoy.**

XI. Other Business.

- A. American Institute of Certified Public Accountants.

1. Report on Public Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

B. National Association of State Boards of Accountancy.

1. Report on Public Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

XII. Officer Elections.

A. Secretary-Treasurer

**The CBA voted to appoint Mark Silverman as Secretary/Treasurer of the CBA.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko and Mr. Savoy.**

B. Vice-President

**The CBA voted to appoint Michael M. Savoy as Vice-President of the CBA.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko and Mr. Savoy.**

C. President

**The CBA voted to appoint Alicia Berhow as President of the CBA.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Mr. Kaplan, Ms. LaManna, Ms. León, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Silverman, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Ko and Mr. Savoy.**

XIII. Closing Business.

A. Public Comments.

Mr. Fox congratulated the new CBA officers and recognized President Salazar for all of her work with the CBA this past year. He stated that CalCPA appreciates everything that the CBA does for the accounting profession.

B. Agenda Items for Future California Board of Accountancy Meetings.

Ms. Salazar stated that she would like to reiterate the request from the QC that the CBA address the need of any revisions to the certificate of attest form.

Ms. Wright requested that the CBA consider the passage of proposition 64, the legalization of marijuana and what the CBA's role should be. She also requested that the CBA consider the AICPA guidelines for adoption regarding the legalization of marijuana.

XIV. Closed Session.

A. Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Convened Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, and Proposed Decisions).

B. Pursuant to Government Code Section 11126(e), the California Board of Accountancy Met In Closed Session to Receive Advice from Legal Counsel on Litigation (David Greenberg v. California Board of Accountancy, Los Angeles County Superior Court, Case No. BS155045; David B. Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2015-00809799-CU-WM-CJC.; David B. Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2015-00809802-CU-WM-CJC.; and David Greenberg v. Erin Sunseri, et al., U.S. District Court, Southern District of Florida, Case No. 15-CV-80624.).



President Salazar adjourned the meeting at 10:31 a.m. on Friday, November 18, 2016.

\_\_\_\_\_  
Alicia Berhow, President

\_\_\_\_\_  
Mark J. Silverman, Esq., Secretary/  
Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.